

Message Text

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PAGE 01 PARIS 15746 271611Z
ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-15 AID-05 EB-07 NSC-05
EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
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FM AMEMBASSY PARIS
TO SECSTATE WASHDC 3272

UNCLAS PARIS 15746

E. O. 11652: N/A
TAGS: EFIN
SUBJECT: APRIL PRICE RESULTS

REFTEL: PARIS 15401

SUMMARY: OFFICIAL PRICE INDEX SHOWS A 1.3 PERCENT
RATE OF INFLATION FOR APRIL WHICH WILL RESULT IN
ACCELERATED WAGE INCREASES.

THE PRICE RESULTS FOR APRIL LEAKED EARLIER THIS
WEEK ERRED SLIGHTLY ON THE DOWNWARD SIDE (SEE REFTEL).
THE OFFICIAL INDEX RELEASED TODAY SHOWS A 1.3 PERCENT
RATE OF INFLATION FOR APRIL COMPARED TO 0.9 PERCENT IN
MARCH. THIS IS THE HIGHEST MONTHLY RATE OF INFLATION
SINCE JULY 1974. FOR THE 12 MONTH PERIOD ENDING IN
APRIL, THE RATE IS 9.5 PERCENT. IT IS INTERESTING TO
NOTE BUT COINCIDENTAL THAT THIS IS THE FIRST TIME THE
OFFICIAL PRICE INCREASE HAS BEEN THE SAME AS THAT OF
THE CGI, THE COMMUNIST DOMINATED LABOR UNION.

THE GOF HAD BEEN EXPECTING A VERY HIGH RATE OF PRICE
INCREASE IN APRIL DUE TO THE INCREASE IN MOST PUBLIC
SERVICE FEES AND THE FIRST OF TWO PRICE INCREASES
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UNDER THE AGREEMENTS BETWEEN FIRMS AND THE GOVERN-
MENT TO MODERATE PRICES. THUS, THESE FACTORS
ACCOUNTED TO SOME EXTENT FOR THE 1.1 PERCENT PRICE
INCREASE FOR MANUFACTURED PRODUCTS (0.8 PERCENT IN
MARCH) AND THE 1.0 PERCENT INCREASE IN SERVICES
(0.7 PERCENT IN MARCH). HOWEVER, THE SHARP INCREASE
IN THE PRICES OF AGRICULTURAL PRODUCTS DUE TO CLIMATIC

CONDITIONS PLUS THE VERY LARGE INCREASES UNTIL APRIL
IN THE INTERNATIONAL PRICES OF AGRICULTURAL PRIMARY
MATERIALS IMPORTED BY FRANCE PUSHED THE
OVERALL RATE MUCH HIGHER THAN HAD BEEN ANTICIPATED.

THIS HIGH RATE OF INFLATION WILL BE REFLECTED ALMOST
IMMEDIATELY IN ACROSS-THE-BOARD WAGE INCREASES. ON
THE FIRST OF JUNE THE MINIMUM WAGE WILL BE
AUTOMATICALLY INCREASED BY 2.2 PERCENT, FROM FF 9.14
TO FF 9.34 PER HOUR. IN ADDITION, THE 1.5 PERCENT
INCREASE IN PUBLIC SECTOR WAGES WILL BE ADVANCED FROM
JULY 1 TO JUNE 1. FINALLY, WAGES IN THE
PRIVATE SECTOR WILL PROBABLY ALSO BE RAISED SOON TO
TAKE INTO ACCOUNT THIS HIGHER THAN EXPECTED PRICE
INCREASE SINCE THE VICE-PRESIDENT OF THE PATRONAT
HAS ADVISED COMPANY HEADS THAT THE MAINTENANCE OF
REAL PURCHASING POWER SHOULD BE ABSOLUTELY ASSURED.
GAMMON

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
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Sent Date: 27-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Event:
Disposition History: n/a
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